

Explanation of Second Funding Cycle CY 2008 Obligation For March through June

Public Housing Operating Fund

The Department has obligated a second funding cycle for Operating Fund subsidies for an additional 4 months covering March through June of Calendar Year 2008. Funding is expected to be available in eLOCCS in the last week of February.

Estimated Proration Levels for CY 2008

The Consolidated Appropriations Act of 2008 provided \$4.194 billion in operating subsidies for CY 2008. Based on its budget models, the Department estimates that total eligibility for CY 2008 to be about \$5.0 billion, which would result in proration of 84%. Final proration may be higher or lower than estimated based on actual 2008 submissions of PHA subsidy requests. A number of factors may influence a PHA's final CY 2008 subsidy eligibility, including changes in unit inventory.

Calculation of PHA Subsidy Amounts for the First 6 months Initial Obligation Period

For the period of the first 6 months obligation of subsidy, each PHA's amount was determined based on the CY2007 eligibility, adjusted by applying the 2008 non-utility inflation factor to the Project Expense Level and the 2008 utility inflation factor to the Utility Expense Level. The total CY2007 eligibility was then multiplied by 84% proration. Funding was allocated to projects based on each project's share of total units under the Annual Contributions Contract. This cycle included funding for Turnkey Projects (HTK) and Mutual Help Projects (MHP).

Additional Information Available

A set of Frequently Asked Questions (FAQs) was developed to provide additional information on the first interim funding of 2008. PHAs will find these FAQs useful in addressing some common questions related to the second funding cycle. These FAQs are located at:

<http://www.hud.gov/offices/pih/programs/ph/am/of/faq08intrmfndng.pdf>